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Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

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August 19, 2008

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**DEPARTMENT OF HEALTH SERVICES: APPROVAL OF METROCARE INPATIENT
PROGRAM AGREEMENT AMENDMENT NO. 3 WITH
ST. VINCENT MEDICAL CENTER
(SUPERVISORIAL DISTRICT 2)
(3 VOTES)**

SUBJECT

Request approval of contract amendment with St. Vincent Medical Center to extend the MetroCare Inpatient Program Agreement to continue reimbursement for inpatient care for County responsible patients transferred from private hospitals designated as impacted hospitals by the County, and from other County hospitals, to St. Vincent Medical Center.

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and instruct the Interim Director of the Department of Health Services (DHS), or his designee, to offer and sign Amendment No. 3 to MetroCare Inpatient Program (MetroCare) Agreement No. H-75939, with St. Vincent Medical Center (SVMC), for the period effective August 27, 2008 through June 30, 2010, for an approximate annual amount of \$1,900,000, for a total maximum County obligation not to exceed \$3,500,000.

"To Enrich Lives Through Effective And Caring Service"

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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended action is to approve Amendment No. 3, substantially similar to Exhibit I, which will allow SVMC to continue to receive payment for County responsible inpatients transferred from County hospitals and eight private hospitals, designated by the Emergency Medical Services (EMS) agency as impacted by the closure of MLK-Harbor. Payment will continue to be at the existing rate of \$1,950 per day for the first six days of inpatient care. Where authorized, additional inpatient days will be reimbursed at the rate \$1,950 for each authorized additional day of inpatient care.

The Agreement extension through June 30, 2010, is necessary to timely move patients out of emergency rooms to maintain adequate emergency coverage for County-responsible patients and to coincide with the expiration dates of the Impacted Hospital Program (IHP) Agreements, as the IHP hospitals may need to utilize inpatient beds for those patients who otherwise would have been treated in the emergency room at MLK-Harbor.

Implementation Of Strategic Plan Goals

This action supports Goal 7, Health and Mental Health of the County Strategic Plan, by helping to ensure adequate delivery and quality of health care, in particular emergency health care.

FISCAL IMPACT/FINANCING

The County's maximum payment obligation for MetroCare services under this Amendment is \$3,500,000, based on an approximate annual payment of \$1,900,000. This is based on historical and estimated utilization for Fiscal Year (FY) 2007-08 comprised of a daily inpatient contract rate of \$1,950 up to a maximum of six days, unless a longer stay is specifically authorized through Utilization Review by DHS.

Funding for Amendment No. 3 is from County funds. There is sufficient funding in the Department's FY 2008-09 Adopted Budget to cover the projected expenditures. For the FY 2009-10 budget process, DHS will work with the Chief Executive Office to ensure sufficient funding exists to fulfill the obligations of the MetroCare Amendment.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On December 1, 2006, to minimize the impact on County-responsible patients as a result of the reduction of inpatient services at MLK-Harbor, DHS implemented the MetroCare program which provides for contracts with certain hospitals that were able to provide inpatient hospital care to County-responsible patients who would have otherwise received such care at MLK-Harbor. MetroCare contracts were negotiated with hospitals that were able to provide inpatient medical and surgical care and physically located within a twelve-mile radius of MLK-Harbor, to receive patients transferred from MLK-Harbor. SVMC was one of the hospitals that contracted with the County under the MetroCare program.

On August 13, 2007, a special meeting was held by the Board regarding the closure of MLK-Harbor to consider DHS' Contingency Plan, and other related issues. The County recognized that with the closure of the emergency room and inpatient facilities at MLK-Harbor, surrounding privately operated hospitals and emergency rooms needed to continue to receive financial support for treatment of certain County-responsible patients, transported via 911 ambulance from the 911 catchment area of MLK-Harbor to impacted hospitals for emergency room only treatment or emergency room and subsequent inpatient care. The IHP was developed to help address the critical need of those hospitals that would be impacted by the MLK-Harbor closure. The Board approved the DHS Contingency Plan which provided for the IHP Agreements.

A criteria for receiving funding under the IHP is for hospitals to have an Emergency Department (ED) so they may receive 911 ambulance patients and as SVMC does not have an ED, it was not under an IHP contract. However, SVMC was recognized as a hospital that continued to play a vital role in assuring that impacted hospitals had adequate capacity to accept 911 ambulance transported patients. Consequently, the Board-approved Contingency Plan provided for amending the MetroCare agreements, as necessary.

Accordingly, the SVMC agreement was amended to allow for transfers from the impacted hospitals and County hospitals. The current SVMC MetroCare agreement expires August 26, 2008.

This Amendment No. 3 is from August 27, 2008 through and including June 30, 2010, to coincide with the expiration of the IHP agreements. The County may elect to terminate this agreement without cause upon thirty day advance written notice.

County Counsel has approved the attached Amendment, Exhibit I, as to form.

Honorable Board of Supervisors
August 19, 2008
Page 4

CONTRACTING PROCESS

SVMC is the only hospital now contracting with the County under the MetroCare program.

An open competitive solicitation process was not conducted because the purpose of the MetroCare amendment is specifically to reimburse SVMC, as a hospital within a twelve-mile radius of MLK-Harbor, and identified by the EMS Agency as a hospital with the ability to accept and care for medical and surgical County-responsible patients transferred from IHP hospitals or County hospitals.

It is not appropriate to advertise amendments on the Los Angeles County's online website as a contracting opportunity.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of this Amendment No. 3 will help to ensure that emergency services remain available to the persons residing in or transported from the MLK-Harbor catchment area via 911 ambulance by creating IHP and County hospital bed availability and transferring County-responsible patients to SVMC.

CONCLUSION

When approved, the Department of Health Services requires three signed copies of the Board's action.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:SRH:SAS
MLM:AMT:yb

Attachment

c: County Counsel
Interim Director, Department of Health Services

EXHIBIT I

Contract No. 75939-3

**METROCARE INPATIENT PROGRAM AGREEMENT
AMENDMENT NO. 3**

THIS AMENDMENT is made and entered into this _____ day
of _____ 2008,

by and between

COUNTY OF LOS ANGELES
(hereafter "County"),

and

ST. VINCENT MEDICAL CENTER
(hereafter "Hospital")

WHEREAS, reference is made to that certain document entitled "METROCARE INPATIENT PROGRAM AGREEMENT" dated December 4, 2006 and commencing on December 1, 2006, and further identified as County Agreement No. 75939, as amended by Amendment No. 1, dated March 12, 2007 and Amendment No. 2, dated August 27, 2007, (hereafter "Agreement"); and

WHEREAS, County's Department of Health Services ("Department") recognized that with the closure of the emergency room and inpatient facilities at Martin Luther King, Jr. – Harbor ("MLK-H"), there continues to exist a critical need to ensure that certain surrounding privately operated hospitals and emergency rooms continue to receive financial support, specifically for the treatment of certain patients transported via 911 ambulance from the 911 catchment area of MLK-H for emergency room only or emergency room and subsequent inpatient care; and

WHEREAS, County has instituted the Impacted Hospital Program, to help address the critical need of certain hospitals who are impacted by the MLK-H closure; and

WHEREAS, County recognizes that Hospital continues to have a vital role in assuring that Impacted Hospitals have adequate capacity to accept certain patients transported via 911 ambulance; and

WHEREAS, Hospital has the ability and is willing to continue to accept and provide inpatient care for certain patients transferred from Impacted Hospitals and other County hospitals, in accordance with the terms and conditions which follow herein;

WHEREAS, to coincide with the term of the Impacted Hospital Program Agreements, the parties wish to extend the Agreement to and including June 30, 2010; and

WHEREAS, Agreement provides that changes may be made in the form of a written amendment which is formally approved and executed by the parties.

NOW, THEREFORE, the parties agree as follows:

1. Subparagraph, A of Paragraph 2, TERM AND TERMINATION, of the Agreement shall be replaced in its entirety with the following:

"A. This Agreement shall commence on December 1, 2006, and shall remain in full force and effect to and including June 30, 2010. This Agreement may be extended by formal Amendment by the County upon approval by the County Board of Supervisors."

2. The following language shall be added to the end of Paragraph 4, MAXIMUM COUNTY OBLIGATION, of the Agreement:

"Notwithstanding any other provision in this Agreement, the maximum County obligation from the period beginning August 27, 2008 through June 30, 2010 shall not exceed \$3,500,000."

2. Except for changes set forth hereinabove, the wording of the Agreement shall not be changed in any respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its

Interim Director of Health Services and Hospital has caused this Amendment to be subscribed in its behalf by its duly authorized officer, the day, month and year first above written.

COUNTY OF LOS ANGELES

By: _____
John F. Schunhoff, Ph.D.
Interim Director of Health Services

HOSPITAL

By: St. Vincent Medical Center
(Printed Name)

(Signature)

Title _____

(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM
BY THE OFFICE OF THE COUNTY COUNSEL

APPROVED AS TO CONTRACT
ADMINISTRATION:

DEPARTMENT OF HEALTH SERVICES
CONTRACTS AND GRANTS DIVISION

ier:7/21/08
Amend3StV